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June 28, 2007

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
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Supervisor Don Knabe
Supervisor Michael Antonovich

From: David E. Janssen
Chief Administrative Officer

SACRAMENTO UPDATE

Budget Conference Committee's Action on Juvenile Justice Reform
(Weekly Update # 4)

On Tuesday, June 19, 2007, the Budget Conference Committee took action to approve a package of juvenile justice reforms by a 5 to 1 vote. Final Budget Trailer Bill Language has not been made available, so we are still relying on information from our Sacramento advocates. This update also constitutes our fourth weekly report on Juvenile Justice Reform as requested by your Board at its meeting of June 5, 2007.

On Tuesday, June 26, 2007, the Chief Probation Officers of California released preliminary information from the Conference Committee on the proposed allocation of funds to counties from the State plan. Further discussions are expected prior to the issuance of final numbers.

According to this preliminary information, Los Angeles County will receive \$5.6 million from a combination of funds for incarcerated and paroled youth in FY 2007-08. This represents 25.03 percent of all funds distributed statewide. The amount paid to the County would increase to \$18.7 million in FY 2008-09 (25.54 percent) and to \$23.8 million (25.69 percent) in FY 2009-10

as the number of non-violent juvenile offenders retained by the County is estimated to increase.

Commensurate with the increased payment from the State, the retention of non-violent juvenile offenders by the County should result in reductions in payments to commit wards to the State. The Probation Department estimates the savings would be \$300,000 to \$500,000 in FY 2007-08, increasing to \$1.0 million to \$1.25 million in FY 2008-09.

At this time we do not have any additional information regarding the implementation of the State's plan.

The Probation Department indicates that the proposed available funds for FY 2007-08 would appear to be a little lean considering the possible number of juvenile offenders that will be retained by the County. The Department notes that the level of funding reflects the State's plan to address the smaller counties' need for financial stability through the establishment of minimum grant allocations.

We continue to support the Budget Conference Committee's proposal, which retains youth with lesser offenses at the local level where they will benefit from county programs and community support networks, and continue to advocate for the Board's concerns in Budget Trailer Bill Language, to the extent possible, and in subsequent clean-up legislation.

Pursuit of County Position on Legislation

AB 1053 (Nuñez), as amended on June 6, 2007, provides for the allocation of the \$850 million Affordable Housing Initiative Fund contained in the Housing and Emergency Shelter Trust Fund Act of 2006 (Proposition 1C). Proposition 1C authorizes the issuance of bonds in the amount of \$2.85 billion to finance various existing housing programs, capital outlay related to infill development, brownfield cleanup that promotes infill development, and housing-related parks.

The bill declares the intent of the Legislature to provide innovative methods to encourage local governments to approve higher density infill housing closer to employment, transportation, retail, and other amenities and encourage efficient development patterns that are consistent with regional planning to meet local and state objectives in areas of new growth, and to measure reductions of vehicle miles traveled per household or green house gas emissions consistent with the Global Warming Solutions Act of 2006.

AB 1053 allocates funds to five areas. They are:

- \$100 million for brownfield cleanup that promotes infill housing development and other related development;
- \$100 million for a revolving loan program to be used for infrastructure that is integral to facilitating the development of mixed-income infill housing;
- \$450 million to be transferred to the Department of Housing and Community Development (HCD) to establish and administer a competitive grant program to qualifying cities for infill projects in designated infill areas;
- \$100 million for the Multifamily Housing Program (MHP) with priority to public housing authorities that seek major rehabilitation, new construction and other physical improvements to severely distressed public housing units; and
- \$100 million for the Workforce Housing Rewards Program to local entities that have adopted policies related to the construction of mixed-income housing developments and met other conditions including sustainable building practices.

The County may benefit from several of the bill's provisions. However, the \$450 million in funding to be transferred to HCD would only be available to qualifying cities and counties. In addition, the bill narrowly limits a "qualifying infill project" to those located within an incorporated city. Thus, the bill would preclude an unincorporated community from qualifying for the competitive grant program.

The Community Development Commission (CDC) indicates that counties should be allowed to compete for grant funds for unincorporated areas and that the definition of infill project and infill site be expanded accordingly to include unincorporated areas. The residents of unincorporated Los Angeles County, with a population in excess of one million, reside in a variety of communities ranging from rural to urban. There is a need for residential or mixed-use infill projects throughout Los Angeles County. The definitions of infill projects and infill sites, consideration of appropriate uses, and development of grant guidelines should allow all unincorporated communities to qualify for such funds. Any limitation set forth in the distribution of funds to unincorporated communities under this program would be detrimental to the County. We are requesting County Counsel

to review Proposition 1C to determine the appropriateness of the language in AB 1053 with regard to excluding unincorporated areas from the competitive grant program.

In addition, CDC noted several other areas of concern:

1. CDC prefers to maximize the amount that is designated for public infrastructure grants. According to CDC, funding proposed for the MHP program, which will grant priority funding to public housing authorities that seek major rehabilitation, new construction, and other physical improvements to severely distressed housing units, will not be available for use by the County. The Housing Authority of the County of Los Angeles does not have any distressed public housing properties. Thus, additional funds allocated to the MHP program should not be limited for use in "severely distressed public housing properties";
2. There is no provision for the direct production of housing. CDC suggests that language be added to allow funds to be made available for direct housing costs, including pre-development and environmental costs that are not eligible under other funding sources; and
3. There is an allowance for affordable rental units at 120 percent of the Area Median Income (AMI). The MHP program and other funding sources often require a minimum amount of units at the 50 to 60 percent AMI level. CDC prefers that the lower threshold of 50 to 60 percent AMI level be utilized to allow additional opportunities for individuals with lower incomes.

The CDC is recommending opposition to AB 1053 unless amended as follows: (1) enable counties to compete for the infill project grants contemplated under the \$450 million allocation to be transferred to HCD; (2) expand the definition of infill projects and sites to allow urban and rural unincorporated communities to qualify, where otherwise appropriate, for grant funds; and (3) address the other concerns outlined above.

We concur with CDC's recommendations which are consistent with the Report of the County's Infrastructure Task Force and existing policy to: (1) support proposals that provide incentives to local government and/or developers to increase affordable housing; and (2) support for proposals to provide additional resources for meeting the capital and operational costs of housing production and related supportive service needs of low- and moderate-income families.

Therefore, our Sacramento advocates will oppose AB 1053, unless amended as described above.

AB 1053 is supported by CalCOG, Center for Creative Land Recycling, League of California Cities, McCormack Baron Salazar, and Renovo Communities. The bill is opposed by the California State Association of Counties (CSAC), the Urban Counties Caucus, and Regional Council of Rural Counties Caucus. AB 1053 is set for a hearing in the Senate Transportation and Housing Committee on July 10, 2007.

Status of County-Advocacy Legislation

County-supported AB 98 (Niello), which would require the State to pay 50 percent of wage subsidies for CalWORKs participants engaged in subsidized employment, passed the Senate Human Services Committee on June 26, 2007 by a vote of 5 to 0, and now proceeds to the Senate Appropriations Committee.

County-supported AB 335 (de León), which would allow victims of domestic violence requesting CalWORKs Homeless Assistance to provide a sworn statement in lieu of third-party documentation to verify that their homelessness is directly related to domestic violence, passed the Senate Human Services Committee on June 26, 2007 by a vote of 5 to 0, and now proceeds to the Senate Appropriations Committee.

County-supported AB 1010 (Hernandez), which would extend the sunset date of the San Gabriel Basin Water Quality Authority from July 1, 2010 to July 1, 2017, passed the Senate Environmental Quality Committee on June 26, 2007 by a vote of 7 to 0, and now proceeds to the Senate Judiciary Committee.

County co-sponsored AB 1062 (Ma), which would require the California Department of Social Services to establish a statewide work-support rental subsidy pilot program, passed the Senate Human Services Committee on June 26, 2007 by a vote of 3 to 2, and now proceeds to the Senate Appropriations Committee.

County-supported AB 1382 (Leno), which would eliminate the fingerprint imaging requirement for Food Stamp-only applicants and maintain the requirement for CalWORKs and Food Stamp with General Relief applicants, passed the Senate Human Services Committee on June 26, 2007 by a vote of 3 to 2, and now proceeds to the Senate Appropriations Committee.

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County-supported SB 145 (Corbett), which would extend the deadline to transfer trial court facilities to the State from June 30, 2008 to December 31, 2008, passed the Assembly Judiciary Committee with amendments on June 26, 2007 by a vote of 10 to 0. As amended, counties would be required to pay an additional inflationary cost factor on the County Facility Payment when transfer agreements are executed after June 30, 2008. The County Facility Payment is an annual maintenance of effort payment from counties to the State to offset the transferred costs of facility operations. Payment of the inflationary cost factor can be avoided by demonstrating significant progress toward completing a transfer agreement through the submission of a County Facility Payment prior to June 30, 2008. Because of the importance to the County of the deadline extension, **our Sacramento advocates will continue to support SB 145.** The bill is expected to go next to the Assembly Floor.

We will continue to keep you advised.

DEJ:GK
ML:DD:IGR:hg

c: All Department Heads
Legislative Strategist
Local 660
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
Buddy Program Participants